

TRANSFERRED FOR DIRECT REPLY - EPA**NO RECOMMENDATION****MEMORANDUM**

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To: U.S. Delegation to SBSTA.
From: Lisa Carter, EPA
Date: 2/11/96
Re: Background for U.S. Delegation discussions on AIJ reporting at SBSTA

Jonathan Pershing asked that I provide you with a little bit of background on a conversation I had Thursday February 8, 1996 with Tahar Hadj-Sadok of the UNFCCC Secretariat regarding the reporting of AIJ.

Regarding the conversation, Tahar informed me of the following:

- Only the U.S., Germany, and the Edison Electric Institute submitted comments on the reporting of AIJ to the UNFCCC Secretariat.
- The U.S. and German comments will be compiled in a miscellaneous document and made available to folks at SBSTA. The Edison Electric Institute comments will be made available on a table in the back of the room.
- The UNFCCC Secretariat will be drafting brief note on the issue of reporting. It will suggest that Parties review the U.S. and German frameworks for reporting and either a) accept one, b) attempt to reach some consensus on how the two might be merged, or c) agree one or a merged version is not possible and suggest next steps.
- The UNFCCC Secretariat commissioned a paper on the reporting of AIJ from Sid Embree and Emilio Estevez. The paper is complete, but the UNFCCC Secretariat is not planning on releasing it at the meetings in Geneva. The plan, rather, is to use it and the ideas contained in it if the Secretariat is asked to come up with something on reporting at the next SBSTA. The U.S. has not seen the paper.

Attached is a matrix which compares the U.S. and German comments to the UNFCCC Secretariat on the reporting of AIJ. The biggest differences between the two approaches are:

- a) The German comments only suggest that project information be reported whereas the United States comments suggest that both project and national program information be reported;
- b) The German comments require a much greater level of detailed project information than the U.S. comments. The U.S. approach is to minimize project by project reporting to the extent feasible to minimize the transaction costs associated with reporting; and
- c) The German comments ask open-ended questions. The U.S. comments use tables and prescribe answers (tonnes, percentages, dollars, yes or no).

There are many other minor differences. For instance, in the project by project reporting, there are some areas where the Germans don't ask for enough information (like host country acceptance).

Enjoy the attached matrix.

Comparison of German and U.S. Comments to the U.N. on AIJ Reporting

Attribute	U.S.	Germany
Purpose of reporting	<ul style="list-style-type: none"> - preparation of technical analysis, synthesis documentation - provide SBSTA with sufficient info. to begin to review 	<ul style="list-style-type: none"> - "to draw up an overview of the information on AIJ passed on by Parties"
When reporting?	<ul style="list-style-type: none"> - Annually during pilot - Post-pilot, with national communications 	<ul style="list-style-type: none"> - No position
Who reports?	<ul style="list-style-type: none"> - Investor and host Parties both report -- parallel reporting - Countries affected by AIJ (third Parties) and countries just establishing programs also report 	<ul style="list-style-type: none"> - Unclear -- may just be investor Party - No reporting by Parties without projects
What reported - - General	<ul style="list-style-type: none"> - National program information & project information 	<ul style="list-style-type: none"> - Project information only
How reported?	<ul style="list-style-type: none"> - One national report 	<ul style="list-style-type: none"> - A different report for each project?
What reported and how reported -- national program	<ul style="list-style-type: none"> - Responsible national government entity - Description of national program, national criteria - Description of national monitoring, verification, and reporting procedures 	<ul style="list-style-type: none"> - Not reported
What reported and how reported -- description of individual projects	<ul style="list-style-type: none"> - Not required, but encouraged as voluntary, supplemental information 	<ul style="list-style-type: none"> - "Brief" text description of each project and several open-ended questions - Host and investor country contacts - Start and end date - "Project category" (according to what?) - "Precise Location" - "Technical data" (undefined? what is it?)
What reported and how reported -- GHG emission reductions	<p>FOR EACH PROJECT:</p> <ul style="list-style-type: none"> - Quantitative presentation in table of emission reduction data by project and within projects by sector (as defined for Natl. Communications) - Data presented by GHG in metric tonnes per year - Accompanying description of estimation method <p>FOR THE NATION:</p> <ul style="list-style-type: none"> - Quantitative presentation in table of total GHG reduction across projects for each country with which the reporting Party works - Discussion (text) of relationship of emission reductions achieved by AIJ hosts to their national GHG inventory 	<p>FOR EACH PROJECT:</p> <ul style="list-style-type: none"> - Multiple open-ended questions - Emission reductions per annum and for duration of project - Description of reference path - "Determination of the emissions of CO2 or other GHGs or incorporation of CO2 in biomasses assuming a reference path" (?) - "Determination of the avoided emissions of CO2 or other GHGs or incorporation of CO2 in biomasses also achieved (over the entire project and per annum)" (?)
What reported and how reported -- monitoring and verification	<ul style="list-style-type: none"> - Two simple yes or no questions in a table - Monitoring implemented? - Third party verification implemented? 	<ul style="list-style-type: none"> - One open-ended question - Monitoring and verification description

What reported and how reported -- allocation of emission reductions	<ul style="list-style-type: none"> - By project, quantitative presentation in a table on metric tonnes of emission reductions which occurred during the reporting period (annual) and would be allocated to reporting country if crediting existed - By project, brief accompanying information on procedures and rationale leading to this allocation 	<ul style="list-style-type: none"> - Two open-ended questions - "According to what key are the credits for the emission reductions achieved divided up among the project partners?" - "How is the risk covered that the planned emission reduction is not achieved for whatever reason?"
What reported and how reported -- host country acceptance	<ul style="list-style-type: none"> - Two simple well-defined questions - Date project obtained host country approval - Name of approving entity in host country 	<ul style="list-style-type: none"> - Not reported
What reported and how reported -- financial information	<ul style="list-style-type: none"> - Presentation of nation's definition of ODA - In table, specific questions about financial additionality 	<ul style="list-style-type: none"> - One open-ended question - "Economic data (investment, operating costs, etcetera)" - No information on financial additionality
What reported and how reported -- environmental effects	<ul style="list-style-type: none"> - Confirmation that the reporting Party has notified or has been notified of potential impacts - Discussion by reporting Party as to whether projects ongoing in country of reporting Party are meeting environmental laws and regulations of reporting Party 	<ul style="list-style-type: none"> - One open-ended question - "Description of other environmental effects (where appropriate enclose environmental impact assessment)"
What reported and how reported -- development impacts	<ul style="list-style-type: none"> - Discussion by reporting Party as to whether projects ongoing in country of reporting Party are consistent with development priorities of reporting Party 	<ul style="list-style-type: none"> - One open-ended question - "Description of the effects on economic and social development in host country"